

DOCUMENT RESUME

ED 283 950

CE 047 525

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TITLE Self-Employment Training Programs: Case Studies.
INSTITUTION Illinois State Dept. of Commerce and Community
Affairs, Springfield.
PUB DATE Mar 87
NOTE 31p.; For related documents, see CE 047 524-526.
PUB TYPE Guides - Non-Classroom Use (055) -- Reports -
Descriptive (141)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Adult Education; Business Administration; *Business
Education; Case Studies; Community Colleges;
Developed Nations; Economic Development; Employment
Programs; *Entrepreneurship; *Financial Support;
Foreign Countries; Job Development; *Job Training;
National Programs; Postsecondary Education; Program
Descriptions; *Small Businesses; State Programs

IDENTIFIERS England; France; *Self Employment

ABSTRACT

This self-employment training program case study booklet has been developed for general use in exploring the feasibility of this kind of development tool. The case studies describe a number of comprehensive, self-employment training and assistance programs, from the local to the national level. Chapter II includes information on the training plan, curriculum, recruitment and screening processes, financing mechanisms, and successful business start-ups of six programs. Chapter III outlines the small business curricula of 10 Illinois community colleges. Chapter IV describes five potential sources of funding for an Illinois program; the training, counseling, or administrative aspects that may be funded with these sources; eligible individuals to receive the training; and points of contact in securing funding for a training program through these sources. Chapter V focuses on programs in other states. Eight program descriptions include information on the structure of training programs, the technical and followup assistance provided, and each program's successful business start-ups. Chapter VI describes public and private, national and international programs: the unemployment assistance systems of England and France, which have integrated self-employment; an attempt to establish a similar program in the United States; and a Hawaii program. (YLB)

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Self-Employment Training Programs: Case Studies

Illinois Department of
Commerce and Community Affairs
Office of Urban Assistance

March, 1987

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SELF-EMPLOYMENT TRAINING PROGRAMS: CASE STUDIES

Published by the

Illinois Department of Commerce and Community Affairs
620 East Adams Street
Springfield, Illinois 62701
217-782-7500

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I. INTRODUCTION

Increasingly, entrepreneurship and self-employment programs are being recognized as vital contributing factors in job creation and economic development. Small businesses are a major source of net new jobs in the economy, and are being started in larger numbers by women and minorities. Training and assistance programs which prepare individuals to own and operate a business are being organized on the local, state and national levels, and have been administered by public entities and private organizations.

Several entrepreneurial training and assistance programs have been established in the United States which operate on the local level and receive the greater part of their funding through public sources. These programs provide specialized services to unemployed individuals, women, and other target groups. Private organizations which work with state and local governments to establish and promote entrepreneurship training and support services also assist these target groups. A number of European countries have also had success with programs which allow unemployed individuals or welfare recipients to acquire start-up or working capital by taking their benefits in a lump sum or in weekly enterprise allowances.

In Illinois, the Department of Commerce and Community Affairs (DCCA) has developed a number of programs to assist small businesses with start-up, expansion, sources of capital, employee training, government contract procurement, technology commercialization, and management techniques. Among these are the Small Business Development Center, Job Training Partnership Act, Technology Commercialization Center, and Procurement Assistance Center programs.

In addition, Illinois Community Colleges provide a range of training to potential and current entrepreneurs. Small business occupational associate degree and certificate programs, designed particularly for the small business owner and operator, are offered at several community colleges throughout the state. Chapter III outlines the course offerings and degree requirements of the various programs.

The counseling and assistance available through DCCA's programs and the training available through the community college system comprise a starting point for business education for entrepreneurs. These services, and others such as revolving loan funds or other sources of financing, are usually available in a given geographic area. However, a self-employment training program may need to be implemented by a local organization to fill the needs of area entrepreneurs. A few of the possible sources of financing for a self-employment training program are included in this booklet. The local organization may combine these sources with those available on the local level to provide a comprehensive training program for potential entrepreneurs in the community.

The case studies in this booklet describe a number of comprehensive self-employment training and assistance programs, from the local to the national level. Each of these programs appears to have common components including:

- A recruitment process to enlist eligible individuals.

- A participant screening mechanism that results in the selection of individuals with potential technical or commercial skills which could serve as a basis for self-employment.
- A business management training component that provides a structured training experience with competency-based benchmarks of success, including the completion of viable business plans for the formation of new businesses.
- A mechanism for start-up assistance for the new businesses that includes access to financing (e.g., from local revolving loan funds, community action agency economic development funds, etc.).
- A system of ongoing support and follow-up assistance for the new business ventures.

This self-employment training program case study booklet has been developed for general use in exploring the feasibility of this kind of development tool.

II. ILLINOIS CASE STUDIES

Self-employment training programs are currently being operated by community colleges, small business development centers, dislocated worker centers, and other community groups throughout the State of Illinois. This chapter includes information on the training plan, curriculum, recruitment and screening processes, financing mechanisms, and successful business start-ups of each program. Many of these program operators have structured their training around the type of curriculum outlined in Chapter III, and have devised various means to finance the training program and business start-ups (including those described in Chapter IV).

Black Hawk College, Moline, Illinois

The Entrepreneurship Series, a training program offered by Black Hawk College, began in 1985. Qualified individuals who possess the determination to become entrepreneurs are encouraged to apply for Black Hawk's program. Applicants fill out questionnaires, interview with the program coordinator and participate in 50 hours of assessment activities including an evaluation of their preliminary business plans. Approximately 25 participants have been chosen for each of two sessions for low-income and unemployed individuals. Each session provides 25 hours of training per week, and runs for twelve weeks. Motivation, creativity, and perseverance are the major factors in selecting participants for the program.

The curriculum concentrates on critical business skills for entrepreneurs. The program utilizes materials developed by the American Institute of Small Business. Class topics include:

- | | |
|---|-----------------------------------|
| - how to formulate and evaluate a business plan | - profit/loss statements |
| - marketing research | - budgets |
| - legal issues | - interpreting financial reports |
| - management techniques | - marketing strategy |
| - insurance coverage and costs | - sources of capital |
| - basic accounting | - sources of technical assistance |
| | - forecasting sales |
| | - advertising |

Included in the program are access to computers, technical writing assistance, and individualized consulting.

The series coordinator plays an important role in the effectiveness and continuity of this program. The coordinator schedules the presenters and provides them with a general description of the business endeavors being planned by the participants. This allows the presenters to address their comments to the participants' specific interests and special needs. Professionals and consultants (bankers, lawyers, accountants, marketing researchers, etc.) sometimes teach the classes, offer their expertise to the class, and advise the participants on their individual business plans. When participants have completed a business plan and have presented it for analysis and evaluation, they qualify to attend an investor matchmaker fair which may help them secure financing to implement the plan. After completing the program, participants are transferred into the local Small Business Development Center's caseload, where continuing services are available to them.

Among the business ventures of the participants are a convenience store, a ceramic shop, a deli, and "Retirement Corners", an alternate living situation for the elderly. At least five additional start-ups are expected within the year as a result of the program.

CONTACT:

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Moline, Illinois 61265
(309) 796-1311

Community and Economic Development Association of Cook County (CEDA), Chicago, Illinois

CEDA is the Community Action Agency for suburban Cook County, a network of Chicago area community agencies which delivers a variety of employment programs, technical assistance, and social services. Sixty participants for CEDA's entrepreneurship program were recruited from among their eligible clients, all of whom are low-income and many of whom have already had job readiness training, developed positive work attitudes, and identified some work-related skills. Testing for marketable skills and academic abilities was administered by the Group Reading Academy Satellite Program, Inc., a local non-profit testing organization. Applicants were screened on the basis of their test scores, and approximately 45 have been selected to participate in the program.

Training is provided through Small Business Development Centers (SBDCs) at Prairie State College and Moraine Valley Community College. Each of the programs will provide an entrepreneurship course based on the Program for Acquiring Competence in Entrepreneurship (PACE) model and American Institute of Small Business materials. As a result of the course, each participant will complete a business plan, loan application, marketing plan, and management plan. PACE training materials cover:

- | | |
|---|--|
| - Understanding the Nature of Small Business | - Complying with Government Regulations |
| - Determining Your Potential as an Entrepreneur | - Managing the Business |
| - Obtaining Technical Assistance | - Managing Human Resources |
| - Choosing the Type of Ownership | - Promoting the Business |
| - Planning the Marketing Strategy | - Managing Sales Efforts |
| - Locating the Business | - Keeping the Business Records |
| - Financing the Business | - Managing the Finances |
| - Dealing with Legal Issues | - Managing Customer Credit and Collections |
| | - Protecting the Business |

Many sources of technical assistance are available to assist during the initial start-up phase of the new businesses. CEDA will use its own Community Services Block Grant funding to provide start-up capital; a consulting firm will provide assistance in start-up and identifying sources of financing; and the local SBDC will provide ongoing technical assistance to the fledgling businesses. The program's goal is the successful operation of five new businesses within one year.

CONTACT:

Ms. Janet R. Muchnik
Director of Economic Development
Community and Economic Development
Association of Cook County
624 South Michigan Avenue
Chicago, Illinois 60605
(312) 435-6900, Extension 6962

Joliet Junior College, Institute of Economic Technology, Joliet, Illinois

Joliet's program of self-employment training is distinctive in that, in addition to the initial screening process, each of the three training phases also serves as a screening device. It is estimated that 30 participants will complete the training, and that seven or eight will start a business and progress to the job creation stage within a year.

The program includes a "Self-Employment Potential Clinic" to inform applicants of the challenges, personal attitudes and skills, and financial resources involved in becoming an entrepreneur. Applicants may be referred to a more appropriate service provider for skills development, academic training, and/or vocational training. Pre-entrepreneurship training is provided to those applicants who do not clearly demonstrate potentially commercial skills and motivation for actual program completion.

Entrepreneurship training will begin with a course based on the Program for Acquiring Competence in Entrepreneurship. This coursework should result in each participant developing a business plan. Individual studies and activities will be provided through associated training, credit and non-credit courses, and workshops. Management development training will be delivered through seminars and credit and non-credit courses by the college's Business Assistance and Training Center. Peer support groups meet concurrently with the entrepreneurial training program, and allow the participants to share goals, problems, etc. Participants who drop out of the program during this phase will receive counseling and will be placed with a more appropriate service provider.

Post-entrepreneurial training will be provided through various sources. The program's coordinator and the local Small Business Development Center director will assist each participant in refining his or her business plan and preparing an individual strategy to implement the plan. Ongoing support services will be available through the local SBDC, Service Corps of Retired Executives Chapter, Technology Commercialization Center, and Procurement Center.

CONTACT:

Mr. Andrew L. Mihelich
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Joliet Junior College
1216 Houbolt Avenue
Joliet, Illinois 60436
(815) 727-6544, Extension 1316

Illinois Central College, Peoria, Illinois

Illinois Central College serves Peoria area entrepreneurs and potential business owners. Recruitment and prescreening for their program, serving low-income and unemployed individuals, was conducted by the local Private Industry Council, the Service Corps of Retired Executives, the Peoria Area Chamber of Commerce, area Dislocated Worker Centers, and others. The Small Business Development Center (SBDC) is conducting the final screening process. Approximately 30 individuals are being chosen to participate in the program.

Each applicant receives counseling to determine his or her goals and objectives, undergoes a battery of tests to determine aptitude and probability of success as an entrepreneur, and completes a financial evaluation to determine financial capacity to realistically proceed to business start-up.

Training will consist of workshops, seminars, and courses delivered through local universities and community agencies, and will utilize American Institute of Small Business materials. Each client will receive an average of 64 contact hours of training. Completion of a comprehensive business plan is a requirement for "graduation" to the next phase, regardless of the amount or duration of the actual training. The business plan will be utilized by the graduate as a management tool for the successful operation of his or her business.

Illinois Central College and community agencies will provide on-going management and operational support, and assistance in securing financing for business start-up. The City of Peoria has agreed to give preferential consideration to graduates of the program in awarding its Equity Loan Program financing. The SBDC will assist in securing other sources of funding. Accounting and legal services and assistance with loan packaging, real estate acquisition and leasing, employee job development, government contract procurement, and technology commercialization will be provided through participating agencies or the private sector.

Ongoing management support will be available through the SBDC and other designated referral services. An automatic follow-up series of consultations will be conducted quarterly for the first three years following business start-up, and annually in the following two years. This will allow evaluation of the long-range effects of the program and its success. The goal of the program is that five businesses will be started as a result of the program within one year.

CONTACT:

Mr. Jim Finch
Illinois Central College
230 SW Adams
Peoria, Illinois 61602
(309) 676-0755

Illinois Department of Public Aid-Refugee Resettlement, Chicago, Illinois

This program, funded by the Department of Public Aid, promotes economic self-sufficiency for refugees. Services are provided through eight Mutual Assistance Associations (MAAs) in the Chicago area. These associations are organized groups of former refugees that provide services to new refugees relative to such matters as language instruction, vocational training, and other related needs.

The MAAs refer clients to a central small business development project operated by the Vietnamese Association of Illinois (VAI), which provides education for refugee entrepreneurs on the skills and methods needed to operate a business in the United States. Refugees and other immigrants have many barriers to overcome in starting businesses because they often have no credit history and little collateral with which to secure a business loan. Many small businesses could be started and operated out of the home, but the areas in which refugees usually settle, with marginal housing conditions, discourage the needed bank financing. The Mutual Assistance Associations attempt to increase awareness in the financial community of the difficulties of and cultural distinctions between the various refugee groups.

The VAI actively assists businesses in various stages of development and operation. Entrepreneurs receive help in planning and developing a loan package in order to secure start-up and working capital. Established businesses receive technical assistance to improve business methods. The business practices of these refugees often fall far behind current U.S. practices, and many forms of educational courses and technical and managerial assistance are necessary to bring them up to date. Since October of 1985, five small business seminars have been conducted in four languages, providing general assistance to 15 businesses and aiding in the development and expansion of 15 more. Since the program's inception, approximately 80 refugees have started businesses which employ more than 600 people.

CONTACT:

Project Chance
c/o Mr. Edwin Silverman
Illinois Department of Public Aid
624 South Michigan Avenue
Chicago, Illinois 60605
(312) 793-7120

Cabrini Green Housing Project, Chicago, Illinois

The Cabrini Green Legal Aid Clinic of Chicago received a \$26,000 grant from Chicago's Department of Human Services for a program teaching youth, ages 18-25, ways to earn income as alternatives to gang participation. The program's duration is twelve weeks and includes job seeking skills, information on investments such as certificates of deposit and mutual funds, real estate purchasing and building rehabilitation principles and entrepreneurship training.

Participants also receive instruction on how to formulate a business plan, how to obtain financing, and receive technical assistance as needed. Four weeks of the program are devoted to entrepreneurship training in which the class meets four evenings each week. Participants are taught to put together a

business plan and the reasons for it. The project uses guest speakers from the banking, accounting, insurance, and legal professions.

As the training begins, five hundred dollars is deposited into a checking account for each of the fifteen class participants, with the class leader maintaining the checkbooks. Checking account funds can only be used after completion of a sound business plan and must be used to obtain start-up equipment. All businesses are started out of the home.

The sessions have filled quickly as prepared handouts, referrals, and word-of-mouth spread the program's success. Two businesses were started as a result of the first session training. One young lady started a business making dolls. She used the \$500 stipend to buy raw materials necessary to begin operation. During the Christmas season, she had received more orders than she was prepared to handle but worked to meet all deadlines. Her major concern was volume after the Christmas season ended.

Two men in the class prepared a business plan to start a snow removal business. The intent of the participants was to continue as landscapers in the summer to keep the business operating year around. However, the lack of snow during that winter prompted them to concentrate on the summer business exclusively. Other businesses which have started as a result of the program include a candy store, a Tupperware business, a neighborhood food pantry, and a sno-cone business. Thirteen businesses have been started by class participants. Twenty-three people have graduated from the program, and fifteen are enrolled in the third year's class.

CONTACT:

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Cabrini Green Legal Aid
1500 North Halsted
Chicago, Illinois 60622
(312) 266-1345

III. ILLINOIS COMMUNITY COLLEGE SMALL BUSINESS CURRICULUMS

A solid small business management curriculum is the backbone of any self-employment training program. Many of Illinois' community colleges offer small business management associate degree or certificate programs which are targeted to provide the current or potential entrepreneur with the skills necessary for success. Although it is obvious that there are several subject areas which are present in every program, each college shapes its curriculum to fit the needs of its service area. In addition to those listed below, several colleges offer courses, workshops, and seminars in entrepreneurship and specific areas of business expertise.

BELLEVILLE AREA COLLEGE

Small Business Management Associate Degree (47 Credit Hours)

This two-year program is designed to provide the academic background, technical specialization and field experience to begin a career in business. The courses required for a small business management degree are listed below.

Introduction to Business	Small Business Management
Business Mathematics	Communications
Principles of Accounting I and II	Business Law
Introduction to Data Processing	Finance
Rhetoric and Composition	Occupational Safety and Health
Introduction to Marketing	Humanities Electives

BLACK HAWK COLLEGE

Small Business Management Associate Degree in Applied Science
(62 Semester Hours)

Small Business Management Certificate Program (30 Semester Hours)

The Business Careers Division offers a curriculum in Small Business Management that is planned with the needs of the individual student in mind. Each course is designed to be as nearly free of prerequisites as possible in order to facilitate attendance by those interested in enrolling in just one course or selectively choosing several courses. Class offerings in Small Business Management include the following:

Financing the Small Business	Providing Credit in a Small Business
Bookkeeping in the Small Business	Controlling Costs
Taxing the Small Business	Purchasing Practices for the Small Business
Franchising	Legal Considerations in Forming a Small Business
Choosing a Good Location	Budgeting
Records Systems in the Small Business	Insurance Needs
Planning the Physical Layout	Pricing Practices
Establishing an Organization Structure	Advertising and Promotion
Buying a Going Concern Versus a New Business	Methods of Controlling Inventory
	Employee Relations

KISHWAUKEE COLLEGE

Small Business Management Certificate Program (32 Semester Hours)

Training and preparation for those planning to develop or currently involved in small business are offered in cooperation with the Small Business Administration (SBA). The Small Business Management Certificate Program requires the following courses:

Business Accounting	Principles of Salesmanship
Human Relations	Small Business Management
Business Law	Survey of Money and Banking
Industrial Management	or Finance
Advertising and Promotion	Purchasing
Supervision	Electives

LEWIS AND CLARK COMMUNITY COLLEGE

Small Business Management Certificate Program (15 Semester Hours)

The Business Management Program is designed for individuals who will be seeking employment in business positions or for persons in management who are seeking promotions. This program includes a 15 semester hour Small Business minor as part of a 66 semester hour Associate Degree in Applied Science. Students who complete the 15 semester hour minimum option are eligible for a Certificate of Completion. Courses may include:

Management for Small Business	Case Studies in Small Business
Security for Small Business	Management
Case Studies in Management	Business Electives

PRAIRIE STATE COLLEGE

Small Business Associate Degree in Applied Science (63 Credit Hours)

The Small Business program is intended for those men and women who plan to start a business or purchase an existing business, or who are already self-employed. The focus of the program is on those entrepreneurial, management, organizational, marketing, and financial skills that one needs to start and successfully sustain a growing enterprise. Program requirements include:

Introduction to Modern Business	Computer Applications/Small
Business Mathematics	Business
Human Relations	Principles of Economics
Business Communications	Business Law and Its Environment
Fundamentals of Accounting	Principles of Entrepreneurship
Principles of Accounting	Principles of Management
Principles of Credit	Personnel Management
Small Business Management	Principles of Marketing
	General Education Electives

ROCK VALLEY COLLEGE

Small Business Management Associate Degree in Applied Science (64 Credit Hours)
Small Business Management Certificate Program (29 Credit Hours)

Graduates of the program are prepared for small business ownership. This program requires that you work with the program coordinator in developing a program that will meet your specific needs.

Small Business Management Requirements:

Business Accounting or	Principles of Management
Principles of Accounting I	Small Business Management
Introduction to Business	Marketing
Business Mathematics or	Salesmanship
Management Mathematics	Principles of Advertising
Human Relations in Business	Keyboarding
Business Law	General Education Electives
Business Economics	

Electives: Select 15 Credits from the following:

Principles of Accounting II	Independent Study in Small
Federal Income Tax	Business Management
Consumer Economics and	Internship in Small Business
Personal Finance	Management
Personnel Management	Principles of Retailing
Small Business Seminar	Merchandising and Sales Promotion
	Security in Merchandising

STATE COMMUNITY COLLEGE

Small Business Management Certificate Program (30 Credit Hours)

This program prepares students for a career in the ownership and/or the operation of a small business.

Technical Writing	Business Communication
Business Organization	Business Behavior
and Administration	Marketing for Small Business
Accounting for Small Business	Economic Issues and Policies or
Computer Literacy	Labor Relations
Records Management	

THORNTON COMMUNITY COLLEGE

Management Associate Degree (62 Credit Hours)
Management Certificate Program (30 Credit Hours)

The Business Management curriculum is a two-year program designed for men and women who plan to seek employment or advancement in business, industry, or government. A specialization in business ownership (self-employed owner-operators) may be chosen. Courses could be used to earn a certificate or an Associate Degree in Management. You may also receive any certificate in addition to any two-year degree.

Introduction to Business
 Principles of Accounting I
 Composition and Rhetoric
 Oral Communications
 Mathematics or Science Elective
 Principles of Management
 Principles of Accounting II
 Business Communications
 Supervisory Management

Human Resources Administration
 Introduction to Business Law
 Principles of Economics
 Advertising
 Cost Accounting
 Introduction to Data Processing or
 Microcomputers for Business
 Principles of Labor Relations
 Business Electives
 Humanities Electives

TRITON COLLEGE

Small Business Management Basic Certificate Program (15 Credit Hours)

The small business management program is designed for students who are interested in becoming entrepreneurs in their own small business. The program will help provide a guide for starting and managing a successful small business.

Principles of Accounting I
 Principles of Accounting II
 Principles of Finance

Small Business Management
 Principles of Marketing

WAUBONSEE COMMUNITY COLLEGE

Small Business Certificate of Achievement (23 Credit Hours)

Accounting I
 Accounting II
 Introduction to Data Processing
 Legal Environment of Business
 Business Mathematics
 Creation of a Small Business

Small Business Sales and
 Distribution
 Financial Management of a
 Small Business
 Small Business Income Taxes
 Management of a Small Business
 Human Relations for Small Business

Small Business Management Associate Degree in Applied Science (64 Credit Hours)

Introduction to Business
 Introduction to Data Processing
 Beginning BASIC Programming
 Communications I and II
 Introduction to Psychology
 Accounting I and II
 Fundamentals of Speech Communication
 Business Mathematics
 Small Business Income Taxes
 Management of a Small Business

Consumer Economics
 Legal Environment of Business
 Principles of Economics I and II
 Creation of a Small Business
 Small Business Sales and
 Distribution
 Financial Management of a Small
 Business
 Human Relations for Small Business
 Electives

IV. SOURCES OF FINANCING FOR A SELF-EMPLOYMENT PROGRAM

The self-employment training programs which are described in this booklet have found various sources to finance their training and counseling. Some combine several sources to provide a comprehensive program. The following sections outline some of the potential sources of funding for an Illinois program, the training, counseling or administrative aspects which may be funded with these sources, eligible individuals to receive the training, and points of contact in securing funding for a training program through these sources.

Small Business Development Center (SBDC) Program

The Illinois Small Business Development Center Program is a cooperative partnership between the Illinois Department of Commerce and Community Affairs and the U.S. Small Business Administration (SBA). The structure of the SBDC Program is based on a decentralized consortium of local organizations, such as Illinois universities, community colleges, chambers of commerce, and local business organizations, which provide small business owners access to needed business development resources. Each center participating in the SBDC program develops an annual cooperative agreement setting forth the operational aspects and outlining the way in which training and other assistance will be provided to small business. Many SBDCs have a local advisory council composed primarily of small business owners. Thus, to influence the programming of a Small Business Development Center to offer self-employment training, program activists should convince the SBDC director, SBDC advisory board members, and college president to undertake such a program.

SBDCs can sponsor and/or co-sponsor training in a number of specialized service categories, including those training topics typically made available in self-employment programs.

- | | |
|-------------------------------|------------------------------|
| - Pre-Business | - Advanced Management Skills |
| - Basic Management Techniques | - Specific Industry |
| - Business Planning | - New/Timely Information |
| - Marketing & Sales | - International Trade |
| - Purchasing | - Computerization |
| - Recordkeeping | - Business of Art |
| - Financial Management | - Capital Formation |
| - Law & Risk Protection | - Procurement Assistance |

Training may be offered in a pre-business workshop, management training conference or course, or TV/media format. SBDCs will usually charge each client a fee to cover the program costs associated with the training provided. The SBA requires that the fees charged for such training be based on the client's ability to pay, and be reasonable for the geographic area to be served. However, no fee may be accepted for counseling services provided to clients.

Other than a limit on administrative costs, SBDCs have some flexibility in providing access to self-employment training. Costs which are part of the SBDC's operating framework include recruitment costs, books and instructors' fees for training, and initial costs for private consultants to counsel start-up businesses. However, such expenses must be listed and approved in each SBDC's annual budget.

Any existing or potential small business owner may receive SBDC assistance on a one-time basis without a formal determination of eligibility by the SBDC. However, in order to receive additional assistance, a formal procedural determination of eligibility must be made. Businesses that meet SBA's size standard are eligible for SBDC assistance, and may receive assistance based on resources available to the SBDC.

Illinois Community College Economic Development Grants

The Illinois Community College Board (ICCB) provides Economic Development Grants to each of the community college districts to enable them to operate business centers or economic development offices. The large degree of flexibility and local discretion over Economic Development Grants makes them an excellent funding source for community colleges to conduct entrepreneurship training services in their districts in response to local needs.

Many community colleges regularly cooperate with other area economic development entities, such as local chambers of commerce, economic development commissions, local governments, and the Department of Commerce and Community Affairs, to assist with the attraction and retention of commerce and industry. These industrial retention, expansion, and attraction efforts include technical and managerial assistance to potential and existing entrepreneurs, such as:

- Entrepreneurship and business management training
- Training/retraining of new and current employees
- Assistance with federal contract procurement
- Assistance with small business incubator establishment
- Other small business counseling and management assistance
- Educational counseling to unemployed persons

There are few limitations on the types of costs which are payable under the community college economic development grant; therefore, most costs of an entrepreneurship training program could be paid from this source. This includes advertising, recruitment and promotion, costs of group counseling such as through business roundtables, and all the costs associated with direct skill training. Colleges usually are restricted to serving individuals within the district.

Grant funding may be used for administrative and personnel costs and for expenses related to operating a business center and conducting economic development activities. Each district is required to submit a plan for the use of these funds and an annual report on actual expenditures to the Illinois Community College Board. Questions or input on business center activities should be directed to the community college president, board of trustees, or business center director.

Illinois Community College Credit Hour Programs

In addition to the entrepreneurship training and services available through community college business assistance centers and SBDCs, most colleges offer business courses as part of their regular curricula. Entrepreneurs can work toward small business occupational certificate or degree programs, offered at several community colleges, which are designed particularly for the small business owner and operator.

Although some community colleges do not offer a certificate or degree program, most of them include business courses in their curricula. Self-employment program deliverers might want to encourage the local college to expand these components into a comprehensive training program. If there is adequate local demand, certificate and degree programs may be developed in additional locations, subject to approval of the Illinois College Board and Illinois Board of Higher Education. Non-credit courses do not require this approval; however, the college receives no reimbursement for non-credit offerings. The costs for community college courses offered for credit are covered through student tuition and fees (which average \$23.87 per credit hour statewide), state funding, and local taxes, which each cover roughly 30 to 40 percent of total costs.

The approval process for new degree or certificate programs generally takes five to six months, while extensions or modifications of existing programs to create entrepreneurship/small business degrees or certificates may take as little as one week. The process is somewhat simplified if the proposal is an extension of a previously approved program.

A community college's decision to offer entrepreneurship/small business courses or to pursue establishing an entrepreneurship/small business degree or certificate program would be based upon local demand as perceived and documented by the college administration, faculty, business center staff, and board of trustees with input from college advisory councils, local organizations, and the general public. The most difficult aspects of establishing a self-employment training program may be determining the need within the community for such a program, and convincing the college academic dean to reserve space, hire instructors, and seek state approval.

It should be noted that as a source of funding, credit hour grants only support direct instructional costs. Items such as promotion, recruitment and screening efforts, direct counseling, and follow-up support would have to be paid from other funding sources.

Job Training Partnership Act (JTPA) Program

The federal Job Training Partnership Act authorizes job training and retraining for economically disadvantaged individuals and others who face serious barriers to employment. Administrative responsibility for training programs is shared between the local government and the private sector. The Illinois Department of Commerce and Community Affairs is responsible for the administration of JTPA in Illinois, and programs are available through local Service Delivery Areas (SDAs).

Planning and delivery of each SDA-JTPA program is decided by the local Private Industry Council. Each SDA must prepare a two year plan of services to its clients. Influence points within the JTPA system include the Private Industry Council, the SDA executive director, and local government officials.

JTPA agencies could offer most of the management training services which are typically required in a self-employment training program, such as:

- Institutional and classroom training
- Remedial education and basic skills training
- Job search assistance and counseling
- Pre-layoff assistance and relocation assistance

It is important to note that recent legislation expanded provisions to allow dislocated farmers and other previously self-employed individuals to be included in one component of the JTPA Dislocated Worker Program.

Up to 15 percent of each service delivery area's funding allocation may be used for administrative costs, up to 15 percent may be used to cover the costs of supportive services, and the balance of the funding is devoted to training. Thus, JTPA funds can be used for the direct skill and classroom training portions of a self-employment training program. In addition, a number of SDAs have used administrative funds to support the full costs of local entrepreneurship/self-employment projects.

In addition to those individuals who are eligible for JTPA services because they meet income criteria, individuals in certain groups which face significant barriers to employment are eligible to receive training under JTPA. These groups include:

- | | |
|------------------------------------|---------------------------|
| - Dislocated workers | - Displaced homemakers |
| - Dislocated farmers | - Veterans |
| - Long term unemployed individuals | - Handicapped individuals |
| | - Older workers |

Community Services Block Grant (CSBG) Program

The federally funded Community Services Block Grant Program is administered at the state level by the Illinois Department of Commerce and Community Affairs and at the local level by designated community action agencies and community based organizations. The program serves the needs of low-income persons through various anti-poverty programs. In order to receive CSBG funding, each federally- or state-designated agency must address not only the needs of its service area, but also the priorities established by the federal Act which created the CSBG program. Under the Act, eligible activities are designed to assist low-income persons in areas such as: employment, education, income management, and achievement of self-sufficiency. In addition, grantees must address the priorities established for the CSBG program by the state, which has as its highest priority programs which stimulate economic development.

As such, each CSBG grantee is required to conduct economic development programs to benefit low-income persons. Program activities might include self-help programs, job counseling services, and job referral services. Community action agency grantees are allowed to include entrepreneurship training in their annual work programs. CSBG grantees may also operate a revolving loan program to enable small business expansion and subsequent employment of low-income persons and linkages with employment and training programs. Thus, a portion of their economic development funding may be used as seed capital for fledgling businesses. This program requires minimum job creation with its loans, as well as private sector and equity leveraging.

Each community action agency executive director and board of directors set the annual goals for local programs. Potential program operators should contact this group to determine if funding is available for an entrepreneurship program.

V. PROGRAMS IN OTHER STATES

Many states offer entrepreneurship training through community organizations which may receive local, state, or federal funding. Several of these entrepreneurship training efforts utilize funding sources which are also available in Illinois and structure their programs in such a way that similar training service delivery could be developed in Illinois. The following program descriptions include information on the structure of training programs in other states, the technical and follow-up assistance provided, and each program's successful business start-ups.

New Jobs, Inc., Philadelphia, Pennsylvania

The two year old New Jobs program, which has been funded by two grants totaling \$350,000 from the Pennsylvania Department of Public Welfare, assists low-income minority and female entrepreneurs start or expand their businesses. While no seed capital is provided, the agency helps such individuals put together business plans and identify sources of, and obtain, capital. To date, twenty-three entrepreneurs have received assistance through the program. New Jobs has helped individuals start six new enterprises and expand six others. In order to participate in the program, the entrepreneur's business must show promise of employing at least five target area persons. Businesses started or expanded include: a graphic design and silk screen firm, a chartered bus business, two construction companies, a cement company, a gas station, an electrical contractor, and an exterminating service.

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Project RISE, Daytona, Florida

The Daytona Beach Community College's Center for Small Business operates "Readying Individuals for Successful Entrepreneurship" (RISE). The program is designed to provide unemployed persons with skills and practical experience needed to start and manage their own businesses. Originally, the program was funded through the Job Training Partnership Act Program (JTPA), and currently many aspects of the program are being provided to clients through individualized, self-paced counseling and assistance programs. The program provides eleven weeks of classroom training and hands-on experience. As a result of the training, a group of economically disadvantaged participants, who have demonstrated basic, marketable skills and the potential to manage their own businesses, will have developed a business plan that can be used to obtain financing and guide the courses of their businesses. Follow-up support helps the participants obtain their goals. All eleven participants in the pilot group satisfactorily completed the training and developed their business plans. At the termination of the classroom training and internship, six participants were self-employed, four were employed in businesses similar to those they planned to start, and one was unemployed but still actively planning a business. Some of the businesses started include a real estate journal, an upholstery business, a nursery, a barbershop, a catering truck, and a bar and grill.

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Wasatch Front Enterprise Center, Salt Lake County, Utah

The Wasatch Front Enterprise Center is a one-stop resource center for those interested in starting a business or first and second year struggling businesses. One of the services provided is a guidance program which provides the basic business skills for successful business start-up. Potential entrepreneurs receive assistance in self-assessment to determine whether or not self-employment and small business ownership are appropriate for them. The client's business skills are also assessed and assistance is provided in acquiring the skills needed to complete a sound business plan.

Once the assessment stage is completed, and the client has convinced the enterprise center of his/her ability to operate a business, the training assistance begins. A learning program is put into place which consists of slide presentations, workbook learning exercises, and seminars. There is a fee of \$50 to assure admittance into the seminars.

Other available assistance consists of resource collections, a community network of professionals committed to business development, and long-term guidance and referral services. The Wasatch Front Enterprise Center primarily works with those that have some funding and capital of their own to put into the business start-up. The program is operated for dislocated workers through the Job Training and Development division, however, its primary purpose is to market Job Training Partnership Act Program eligible individuals to new business start-ups.

In two years of operation the center received over 200 inquiries about the program and enrolled 297 potential or new businesses to participate in the program. As a result, 62 new businesses have been started and 150 new employment opportunities have been created. Businesses started include a carpentry/woodworking business, a small engine repair shop, an alterations service, a restaurant, beauty salons, a graphics and design firm, a book and card shop, a video production company, a bakery, a medical equipment sales company, and many others. Currently there are 98 active participants in the program.

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Niagara Community College, Sanborn, New York

Niagara Community College has an entrepreneurial training program for the structurally unemployed. It is titled "Small Business Survival Training", and is operated through the Niagara Frontier Technical Assistance Center. The program is funded through a grant provided by the State University of New York, and two sessions have been conducted each year since September of 1984. The program's intent is for each participant to produce a business plan by completion of the coursework.

Individuals are screened to determine their desire to own and operate their own business. Niagara selects only serious entrepreneurs. Students receive 60 contact hours of training from small business development center counselors. The course consists of three-hour sessions in areas of business development, including marketing, taxes, business law, basic management, ad design, human resources management, demographics, loan packaging, and non-manipulative sales techniques. Eighty-six students have participated in the program, creating more than 120 jobs through new business start-ups.

The program is unique in that internships are developed at businesses similar to those the entrepreneurs plan to start, to provide a real life idea of what will be necessary to stay in business. Finally, conferences open to all small businesses in the area are provided on subjects such as business management, bookkeeping, and marketing. Some of these conferences specifically address issues concerning women and minorities in business.

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Lane Community College, Eugene, Oregon

Lane Community College provides entrepreneurial training and assistance for the structurally unemployed and dislocated workers with use of JTPA Title III funding. Program operators advertise to inform the public about the program, and encourage participation by individuals which demonstrate entrepreneurial qualities and have a serious attitude about participation. Project counselors try to prepare participants for the challenges of entrepreneurship by outlining the negative, as well as positive, aspects of owning and operating a business.

Individuals chosen to participate in the program receive a questionnaire. Participants are asked to conceptualize the project and list the business' short term and long term goals, previous business experience, projected start-up costs, the assistance requested, and other organizations with which the participant is currently working. This information is used to outline a business plan, financial plan, and realistic goals for each participant.

Lane Community College staff follow with counseling sessions, working out details of the business plan and recommending courses that will provide assistance in areas where participant expertise is lacking. A series of six classes, of 8 to 10 hours each, is taught by the college's business assistance center. Some areas covered include bookkeeping, marketing, insurance, and taxes. Participants are also allowed to take elective courses to develop skills or pursue special training. For example, one client who planned to open a photography studio took refresher courses on film and film processing.

Once the business plan is complete and the business formation begins, the community college will support the entrepreneur with \$400 to \$600 for equipment such as typewriters and tools. Business start-ups are often cottage industries which can operate from the home, such as consulting services, landscaping services, and woodworking businesses. In the fourth year of the program, 800 individuals had received training through the program, and twelve businesses had proceeded to start-up.

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South Carolina Veterans' Entrepreneurial Development Program

South Carolina has just started operating a pilot project in entrepreneurial training for veterans. The program is administered by the State Board for Technical and Comprehensive Education and is funded through the Department of Labor and the Small Business Administration's Office of Veterans' Affairs. This program is one example of South Carolina's attempt to increase job creation and state and local economic development by targeting groups for specialized skills training.

Sixty veterans were chosen statewide to participate in the program, based on their motivation, possession of a marketable skill, and their financial ability to secure a conventional or Small Business Administration (SBA) loan. Training is provided through six technical colleges located throughout the state. The participating colleges provide 36 hours of basic instruction on how to start and operate a successful small business.

Counseling/advisory teams at each college, consisting of selected members of the faculty and the SBA, provide counseling and support services, as well as assist the veteran in the training process and the development of a business plan. Near the end of the initial training period, the counseling/advisory team will discuss with the veteran his or her specific interests or remaining training needs, and suggest three to six training offerings to fit these needs.

Cooperative use of a video laser disc software program called Decision Point with an interactive video instruction system allows the veterans to gain experience in evaluating variables and making business decisions. A touch-sensitive computer screen, computer graphics, and linear (television) footage combine to present a realistic encounter with the marketing department of a hypothetical firm. The counseling/advisory team critique each veteran's written business plan and oral presentation. Follow-up counseling and assistance are provided through the local Small Business Development Center, and the local Service Corps of Retired Executives (SCORE) chapter.

During the first year of the program, nine participants had started a business and six to eight more start-ups were expected as a result of the program.

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The Women's Economic Development Corporation, St. Paul, Minnesota

The Women's Economic Development Corporation (WEDCO) provides entrepreneurship training for low-income women who are unemployed or underemployed and wish to achieve economic self-sufficiency. WEDCO is specifically interested in low-income women who are recipients of Aid to Families with Dependent Children (AFDC) or other welfare assistance. Some of these women have small businesses which they operate on an informal basis, and are interested in obtaining assistance and financing to make this part-time pursuit into a "real business" that will provide an income for themselves and their families.

Unless the women make the transition from welfare recipient to small business owner in a short period of time, they may encounter difficulties with the welfare department about their benefits. WEDCO has had success with businesses which generate an income within 30 to 60 days of opening the business. The income must be large enough for the individual to go off welfare within this time period and thus avoid the monthly reporting required by the welfare department regulations.

Women AFDC clients do not have the typical access to start-up capital which many other potential entrepreneurs have. Traditionally, they do not have positive banking relationships or good credit histories, and they do not possess adequate collateral to qualify for a loan. They may lack access to reliable transportation, adequate or affordable day care, or a network of business contacts.

One of WEDCO's primary interests is to increase women's access to capital. WEDCO maintains specific banking relationships to benefit clients' loan packaging, a separate loan fund which is used for both direct loans and guarantees, and a Growth Fund for expansion capital in existing businesses which have been WEDCO clients.

Each client assesses her business opportunities and potential for success and profit through the development of a business plan. The client also completes a cash flow projection which estimates income and expenses for the first two years of the business.

Business consulting, support groups, personal counseling, and training workshops are also provided. Each individual participates in the program for 18 months. In order to establish a business relationship with the client, each woman is charged a fee for these services based on her personal income. This is seen as one of the first steps in the transition from dependency to business opportunity.

In the fourth year of the program, WEDCO had assisted approximately 2,000 women and worked with 400 small businesses that were beginning or expanding. Businesses which have been started include a baked goods distributor, a lawn care business, and a cleaning and janitorial service.

Information for this article was taken from "Welfare and Self-Employment" by Kathryn Keeley, President of WEDCO.

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Dislocated Farmers Self-Employment Training Program, Bloomington, Indiana

The Human Enterprise Development Group (HEDG), a Bloomington, Indiana, based management and consultation firm, has been operating self-employment training programs since 1984. This self-employment training program, funded by the Indiana Office of Occupational Development, was successful in serving dislocated farmers throughout the state, with 40 of the 50 participants achieving start-up and 25 of the 50 achieving income generation of at least \$1,500 by the program's completion.

Farmers are well prepared to operate a small business because, by nature of the tasks they perform on a regular basis, they are welders, construction specialists, landscapers, repairmen, haulers/truckers, heavy machinery operators, gardeners, butchers, etc. The self-employment training program helps these farmers translate their skills into small business operations and market their services to surrounding cities and towns. Farmers often find self-employment particularly appealing because it allows them to maintain an independent lifestyle similar to what they experienced while farming.

The program selects farmers for self-employment training who have declared bankruptcy, have been denied operating capital, have lost employment as farm workers, or have a debt to asset ratio of 70 percent to 30 percent. The program commences with a series of orientation and business skills development sessions conducted by leading specialists in business law, accounting, bookkeeping, management, marketing, advertising, etc. At the completion of this course work, each trainee begins individual research which includes a

preliminary market survey and competition study. Upon completion of this research, the trainee begins the development of a formal business plan, with the assistance of staff and outside consultants. The plan is then reviewed by a panel of business specialists and readied for final approval. Upon approval, the trainee is ready to put his business "package" into operation.

Counseling is a major factor in training dislocated farmers. The individual has to restructure both his personal life and professional life, and the assistance required in these areas often goes beyond knowledge and skills training. One-on-one, group, and family counseling may be considered.

Examples of businesses started by the program's graduates include a meat processing company, a piano tuning service, a kettle drum manufacturer, a locksmith, an electronics warehouse, an alterations/sewing shop, a karate school, an automobile repair service, a wood repair and refinishing business, a radio repair service, a window-washing service, a bookkeeping service, a vending machine sales distributor, an upholstery business, and a recreational campground.

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VI. NATIONAL AND INTERNATIONAL PROGRAMS

Some programs approach self-employment training on a broader scale than the ones described so far in this booklet. The programs described in this chapter, both public and private, operate on a statewide or national scale. European nations such as England and France have integrated self-employment with their unemployment assistance systems. The Corporation for Enterprise Development is working to establish a similar program in this country. The Hawaii Entrepreneurship Training and Development Corporation operates on a contract basis with states and nations to train low-income individuals in entrepreneurship. These programs demonstrate how widespread the growing trend in self-employment training is, and will surely continue to be.

Corporation for Enterprise Development (CfED), Washington, D.C.

The Corporation for Enterprise Development (CfED) is a private, non-profit organization that has been in existence for six years. Much of the organization's work has been in economic development, particularly working with states in determining a state role in economic development. The organization has helped states move away from industrial recruitment and into entrepreneurial policy programs.

With respect to entrepreneurship programs for welfare recipients, CfED has worked toward integrating income maintenance systems with economic development and training. CfED is working to establish such a demonstration program, working with five states and the welfare and development departments of those states. Each state determines the type of demonstration it would undertake as a part of the project. The states would be linked through a communications network in order that each state could keep track of the progress being made by the other demonstration participants. Evaluation of the project would be handled by an organization in New York City.

CfED has also worked with Congressional members who favor legislation which would allow persons who receive unemployment insurance to use such funds to start their own businesses. Six months worth of benefits would be provided up-front for seed capital. In England and France where such programs are operating, over 275,000 unemployed persons have started their own businesses. Currently states cannot experiment with unemployment insurance.

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Hawaii Entrepreneurship Training and Development Corporation

The Hawaii Entrepreneurship Training and Development Corporation operates training programs focused on providing low income persons with the skills needed to become entrepreneurs. The focus of the three months long training program is the development of a business plan which helps the participants to obtain the financing required to start a small business. The corporation has been in operation for eight years and works under contract with state and local governments, as well as other organizations. Clients have included: Indiana, Canada, the Marianas, Swaziland, Malasia, Guam, and the Agency for International Development.

In most countries in which the firm works, the course graduates are assisted financially in setting up their businesses. In the United States, the graduates are generally not assisted financially, although a number of graduates have gotten small loans based on good business plans, even without any or very little collateral.

The firm has carried out a training program for low-income and unemployed persons several years ago in Honolulu. A study of the 1977-1980 graduates showed that 65 percent had actually started businesses, and after two years, 85 percent were still in business. The types of businesses started ranged from retail and wholesale businesses to import/export and service businesses.

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The Enterprise Allowance Program -- The United Kingdom

The United Kingdom's program is based on the belief that many unemployed people would like to start their own businesses but do not because of the risks of losing their unemployment benefits. Also, some business activity occurs in the unrecorded economy which could be encouraged to grow legally. The Enterprise Allowance Scheme (EAS), operated by the central government's Manpower Services Commission (MSC), combines these two factors to the benefit of unemployed entrepreneurs. Unemployed entrepreneurs are compensated for the loss of benefits with a weekly allowance of \$60 for up to 52 weeks to supplement their earnings while their enterprises are becoming established. The scheme also offers a range of free business training and counseling services.

To be eligible, the entrepreneur must meet all the following conditions: be receiving unemployment benefits; have been unemployed for at least 13 weeks or have received statutory notice of impending redundancy; secure the Manpower Services Commission's approval for the business as worthy of public support (though no test is made of the enterprise's likely success); have at least \$1,400 to invest in the business over the first year; and be between 18 and 64 years old and work full-time in the business (defined as at least 36 hours per week.)

The EAS program is administered through MSC's 70 local job centers whose staff offer counseling and make periodic checks to ensure recipients remain eligible. The program permits partnerships and cooperatives. MSC deposits the weekly allowance directly into the enterprise's bank account. Payments are taxable and the new firm is expected to pay national insurance contributions unless its earnings fall below prescribed thresholds.

The program began in five pilot areas in early 1982. One year later more than 2,000 people were participating, and the government agreed to extend EAS nationwide with a ceiling of 25,000 entrepreneurs until March 1984. Demand was so high, however, that the program was expanded again, by March 1985, to provide allowances to another 35,000 people. By the end of 1984 nearly 65,000 people had taken advantage of the program -- approximately one-quarter of them previously having been unemployed for over one year. Enterprises cover a wide variety of sectors of operation. Most popular are building trades, domestic services, knitwear, toy manufacturing, computer services, and consultants. About one in five entrepreneurs runs the business from home, but some have grown quite large. Davisson and McNaughton Engineering, for example, started by two unemployed entrepreneurs, now employs 53 people in its sheet metal fabrication works in Manchester.

Of the firms begun during the EAS pilot phase, more than 70 percent were still trading 18 months after start-up. Early surveys of the nationwide program suggest each new enterprise is creating an average of 1.5 jobs. The majority of EAS participants -- 59 percent -- are between 25 and 44 years old, but 21 percent are under 25; and nearly 20 percent over 45. Overall, half of the EAS participants say they would not have started an enterprise without the program, and a further 25 percent say the decision to set up on their own was accelerated by the program. The program is expected to expand to over 60,000 participants for year 1985/86.

Chomeurs-Createurs -- France

France introduced its program on an experimental basis in 1979, and it became national policy one year later. Under this program, nearly any French citizen entitled to unemployment compensation or welfare can opt to collect it in a lump sum to help start a business. This sum varies from case to case -- FF 8,000 for workers with no eligibility to unemployment benefit; up to FF 30,000 for other unemployed workers. If somebody else is hired in the first six months of trading this aid rises to FF 50,000. These amounts are increased by a further FF 20,000 for each additional job immediately created by the new entrepreneur. A further advantage is that the unemployed entrepreneur is guaranteed free social benefits for the first six months of operations (i.e., he or she does not have to pay social security and unemployment contributions). No formal business assistance is offered as part of the program, but participants can tap the many entrepreneurial outreach, training, and support programs that exist in France.

The French government recently modified Chomeurs-Createurs to remedy problems that had arisen. Until last year the amount an entrepreneur could collect varied, depending on the salary he or she earned while employed. The program is more carefully monitored and business proposals more carefully scrutinized. The program is now funded out of general revenues, not out of the unemployment compensation fund as before, and participation has been expanded to include welfare recipients as well. As of December 1984, more than 170,000 had opted to participate in the program. As many as one-third of

new businesses created throughout France in 1984 took advantage of Chomeurs-Createurs. Enterprises span the range from high technology manufacturing to janitorial services. The bulk are in service industries. A government evaluation suggests that between sixty percent and eighty percent of the enterprises have survived three years or more.